

PORT^{OF}TURKU

F I N L A N D

ANNUAL REPORT 2009



PORT OF TURKU ANNUAL REPORT 2009

CONTENTS

- 3 Port of Turku in brief
- 4 The most important events in the port and marketing events in Finland and aboard during 2009
- 6 Managing directors review
- 8 Passenger traffic
- 10 Goods traffic
- 12 Construction and planning
- 14 Distribution hub operations
- 15 Environmental responsibility
- 18 The port as employer
- 20 Harbour board
- 22 Port of Turku finances for 2009
- 23 Port of Turku financial statement 2009
- 30 Contact details

PORT OF TURKU IN BRIEF

Business idea

The Port of Turku is a major Finnish traffic and logistical centre, whose customer-oriented operations provide a solid foundation for business development and, in turn, employment. The Port of Turku functions effectively as an independent municipal corporation, with a focus on passenger and unit load traffic and utilising the revenues generated to develop the Port, thus ensuring competitive conditions for companies operating in foreign trade and shipping. The Port of Turku bases its operations on its skilled and dedicated personnel as well as the transportation and business policy objectives emphasised in the Turku Strategy.

Vision

The Port of Turku's vision is to work together with other actors to make the Turku Economic Region one of Finland's leading logistics centres, whose traffic area is all of Scandinavia, Central Europe, the Baltic countries and Russia. The Port's resource base is comprehensive enough to meet the changing needs of business in every mode of transportation.

Values

The Strategy is based on customer orientation, a high level of professional and logistical skill, efficient business processes and an operating environment that complies with the principles of sustainable development.

KEY FIGURES	2005	2006	2007	2008	2009
Turnover, % mill.	23	24,1	24,8	24,1	22,9
Change %	-1,6	5,1	2,8	-2,9	-4,9
Operating profit, % mill.	11,1	12,5	11,7	11,1	10,8
Share of turnover %	48,6	51,7	47,2	46,1	45,3
Business surplus, % mill.	7,3	8,6	7,8	7,1	6,1
Result, % mill.	3,2	4,7	4,4	1,7	2,7
Investments	4,5	4,6	3,5	6,2	6,6
Return on invested capital %	6,6	7,6	9	8,11	7,2
Equity ratio %	96,4	96,7	96,3	97,6	98,2
No. Of personnel, on average	142	140	135	132	122

THE MOST IMPORTANT EVENTS IN THE PORT AND MARINE

JANUARY

- » 1 January – Port Administration begins operations
- » 26 January – Members of the Port Administration Harbour Board appointed for the 2009–2012 term

FEBRUARY

- » 10 February – Press conference with Turku region media

MARCH

- » 3 March – M/S Finnulp replaces M/S Runner on the Turku–Travemünde route
- » 10 March – Pansio Harbour zoning plan officially adopted
- » 16–19 March – Cruise Shipping Miami trade fair in Miami

APRIL

- » 6 April – Updated Port website launched
- » 21–24 April – Transrussia 2009 exhibition in Moscow

MAY

- » 6–9 May – Logistiikka-Kuljetus (Logistics and Transport) trade fair in Helsinki
- » 12–15 May – Transport Logistic trade fair in Munich
- » 4 May–15 June – West Harbour gate zone alteration work

JUNE

- » 13 June – Lillbacka/Lillbacka Powerco opens new line from Turku to Sweden and Germany
- » Cruise vessels: 1 June – Vistamar; 12 June – Saga Ruby; 16 June – Athena; 24 June – Black Watch



Port Administration begins operations in January



Updated Port website launched in April



Port of Turku takes part in Logistiikka - Kuljetus (Logistics - Transport) trade fair in Helsinki in May



M/S Finnulp replaces m/s Runner in March



Tall Ships Races a gr...

MARKETING EVENTS IN FINLAND AND ABOARD DURING 2009

JULY

- » 24–27 July – Tall Ships' Races Baltic

AUGUST

- » 12 August – Finnish Port Association summer conference in Turku
- » 17 August – Schenker Cargo Oy distribution warehouse extension opened
- » 20 August – Cruise vessel Athena
- » 28 August – M/S Baltic Bettina replaces M/S Baltic Sea between Turku and Bergen
- » 20 August – Posten Logistik topping-out ceremony
- » 31 August – Port of Turku Open golf tournament at Ruissalo

SEPTEMBER

- » Cruise vessels: 1 September and 6 September – Kristina Brahe; 6 September – Amadea
- » 20 September – Get to know the Port on Turku Day and Port 860th Anniversary concert at Forum Marinum
- » 15–17 September – Seatrade Europe cruise fair in Hamburg

OCTOBER

- » 1 October – Team Lines Finland adds Rotterdam to its container line to Turku
- » 29 October – Home Port Turku event in Tampere
- » 30 October – Delivery of Oasis of the Seas from Turku

NOVEMBER

- » 6 November – Port of Turku participates in ESPO Awards competition, with a top seven finish
- » 23 November – Port adopts new ESS personnel system
- » 26 November – Lucky Stars port calendar release at Turku Voluntary Fire Brigade house
- » 30 November – Turku 2011 European Capital of Culture advertising signs installed at the Port

NOVEMBER

- » 26 November–18 December – M/S Baltic Queen replaces M/S Silja Europa on the Turku–Stockholm route
- » 15 December – City board appoints Christian Ramberg Managing Director of the Port Administration
- » 16 December – Port Administration and Turku Municipal Property Corporation sign a letter of intent on financing for Suikkilantie



Great success in July



Port celebrates new Annual Calendar in November



Posten Logistik SCM Oy's logistics centre's topping out party in August



M/s Baltic Queen replaces m/s Silja Europa on the Turku–Stockholm route



PORT OF TURKU PREPARING FOR GROWTH

2009 was a satisfactory year for the Port of Turku, particularly in passenger traffic and Scandinavian unitised traffic. However, due to the situation in Finnish foreign trade, the overall traffic volume saw a decline, although less so than at other ports.

Traffic and finances

The total cargo traffic volume for 2009 was 2.97 million tonnes. 3.61 million passengers passed through the Port of Turku. There were eight cruise vessel calls in 2009.

Thanks to our diverse traffic structure and developing distribution centre operations, Port finances remained good. Port turnover amounted to EUR 22.9 million, with a surplus of EUR 2.6 million. Savings in materials purchasing, service procurement and payroll affected the Port's profit performance.

Port investments rose to EUR 6.6 million, representing an increase over the previous year. The largest single investment went to development of environmental construction in Pansio Harbour.

Port of Turku administrative model restructured

Starting at the beginning of the year, the Port of Turku began operation as a municipal enterprise, in accordance with the amended Local Government Act. Port operations are overseen by the seven-member board of directors, which replaces the previous harbour board.

Construction and plans

The Ovako area was completed in co-operation with distribution centre operators. Schenker Cargo Oy expanded its distribution warehouse by 10,000 square metres, increasing the total area to 32,500 square me-

tres. Completed at the end of 2009, Posten Logistik SCM Oy's 25,000 square metre logistics centre was inaugurated in January 2010.

With completion of the Ovako area, the focus of construction will be shifted to Pansio Harbour, where some of the work has already begun. A construction plan for the former Laivateollisuusalue area completed last summer will contribute to the port development.

Environment and connections

The Port of Turku's new environmental management programme was completed in 2009. Key aspects of the multi-year programme are improving the condition of the Baltic Sea, preventing climate change, reducing noise pollution and enhancing energy efficiency. Practical measures have already been taken for all key areas, such as beginning real-time noise measurements in the Port and its surrounding areas.

One milestone in developing Port connections was reached: completion of the new E18 highway. Making the entire artery between Turku and Helsinki into a four-lane motorway further strengthens the position of the Port of Turku as a major Scandinavian distribution hub.

A financing agreement was signed by the Port of Turku and Turku Mu-

MANAGING DIRECTORS REVIEW

unicipal Property Corporation end of 2009 for the Suikkilantie improvement project, which has been in effect for years. Construction of a four-lane artery from Pansiontie to Highway 8 will significantly improve Port connections.

From anniversary to the future

The Port of Turku celebrated its 860th anniversary in 2009. The main anniversary event was the Tall Ships' Races, for which the Port and City of Turku received much praise from event organisers and the crews of participating vessels, not to mention the nearly 500,000 visitors.

Key areas for 2010 include further improving of operational efficiency and making preparations for the incorporation of the Port of Turku. As the market slowly recovers, development work will continue in all areas of operation. The goal is to ensure that the Port remains competitive and able to fully meet its customers' needs as the market improves. Development work will focus especially on improving the operational conditions for passenger and ro-ro traffic as well as the Pansio Harbour area.



With sights set firmly on tomorrow's horizon, I would like to thank our customers, personnel and partners for the past year. Our sails are set for the next rise in wind.

Christian Ramberg
Managing Director



PASSENGER TRAFFIC

PASSENGER TRAFFIC VOLUME SEES INCREASE IN 2009

The Port of Turku is the leading Finnish port in Scandinavian traffic and, in terms of gross passenger volume, Finland's second largest passenger harbour. Surrounded by a beautiful archipelago, the Port's popularity among passengers is based on fast connections and high-quality services as well as high-frequency traffic on Swedish routes. The Port's passenger operations are comprised of fast-paced ferry traffic and international cruise traffic.

In 2009 passenger traffic volume at the Port of Turku showed a rising trend. Over 3.6 million passengers passed through Turku in 2009, which represents a growth of 2.1% and an average of nearly 10,000 passengers every day of the year. On the Turku-Stockholm route, Viking Line's refurbished vessels and Silja Line's new M/S Galaxy, which was launched in 2008 and which increased overall capacity, allowed for growth in passenger traffic during the year under review. The slightly rising trend in passenger traffic remained relatively stable throughout the year under review.

Passenger traffic brings a high volume of vehicles into the Port. Over

300,000 passenger cars and vans as well as nearly 11,000 motor coaches were carried on Sweden-line ferries.

Turku's cruise summer season in 2009, with an emphasis on June and September

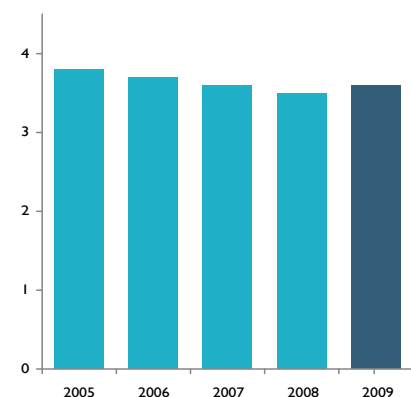
In 2009 six foreign and two domestic cruise vessels called Turku, bringing nearly 3,000 passengers. The 160 m long M/S Athena, whose passengers were primarily from Great Britain, made her first call at Turku. Other cruise visitors came from such countries as Germany and the United States. Cruise visitors spent one day in Turku and set out for the Baltic in the evening. A free shuttle bus running between the Port and city centre was available for cruise passengers.

Over 3.6 million passengers passed through Turku in 2009

In August 2009 the Port of Turku and city tourist bureau Turku Touring hosted the Cruise Baltic marketing working group conference, which was attended by over 50 cruise industry experts from various port cities throughout the Baltic region. The objective of the working group is to provide uniform, high-quality services to international cruise lin-

ers, thus increasing the Baltic's market share as a cruise destination. Turku is an ideal tourist destination for cruise vessels and yachts, and the goal is to further increase the current volume of calls.

PASSENGER TRAFFIC, mill. people



DESPITE THE ECONOMIC RECESSION, GOODS TRAFFIC REMAINED AT AN ACCEPTABLE LEVEL.

Turku has established its position as a leading Scandinavian traffic hub. This position was further reinforced by construction of the Posten Logistik SCM Oy logistics centre and completion of the Schenker Cargo Oy logistics centre extension in the Ovako area.

In addition to Scandinavian connections, there are regular routes from Turku to, among others, Germany and Great Britain. Despite the recession, Power Line boldly

started a new ro-ro shipping line in June from Turku to Oxelösund and Travemünde with m/s Global Carrier.

Beginning at the end of 2008, the recession spread around the world and its effects could also be felt in goods traffic at the Port of Turku. It is, however, positive to note that, thanks to the broad range of goods handled in Turku, 2009 saw only a 13.4% decline in goods traffic, while the volume of traffic in ports focusing on, for example, the forestry industry, dropped by 20–35%.

The Port of Turku's total goods traffic volume in 2009 was three million tonnes. Imports declined by 23%, but exports showed an emerging growth of 0.1%. Despite the prevailing conditions, the Port still managed to achieve a satisfactory financial result in 2009.

The biggest change in goods traffic was a 66% drop in the import of new cars. The sharp decline was largely due to a nearly complete standstill in transit traffic to Russia during the latter half of 2008. At the beginning of the year, the Port of Turku also took on a large number of cars intended for other Finnish ports.



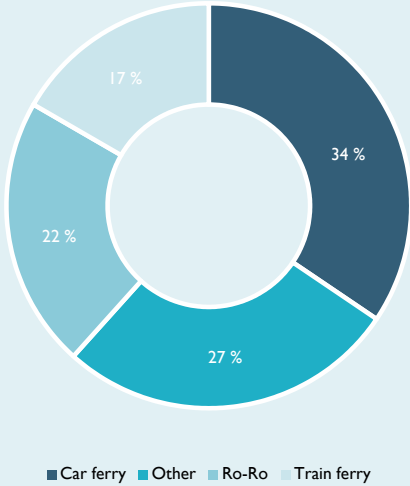
GOODS TRAFFIC

A majority of these cars were in transit to Russia.

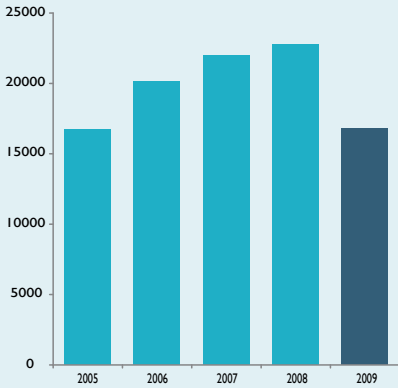
Transport volume for the Port of Turku's key area of expertise, car ferry traffic, rose by 6.6% and rail car transports decreased by 47.2%. Although trailer truck transports dropped by 3%, passenger car and van volume showed a 4.2% growth in 2009.

There were 2,428 vessels calls in 2009, thus accounting for an 8.4% decline from the previous year. Otherwise, vessel size increased, accounting for a 3.4% growth in net tonnage.

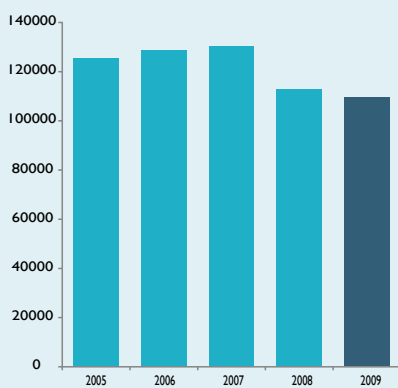
GOODS TRAFFIC, 2.97 mill. tonnes



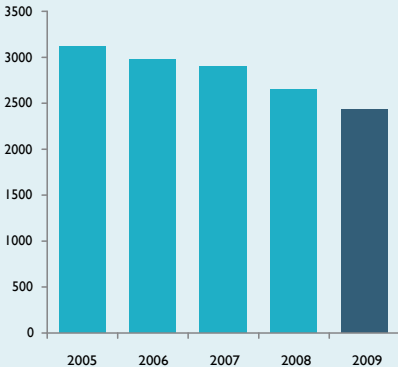
CONTAINER TRAFFIC, TEU



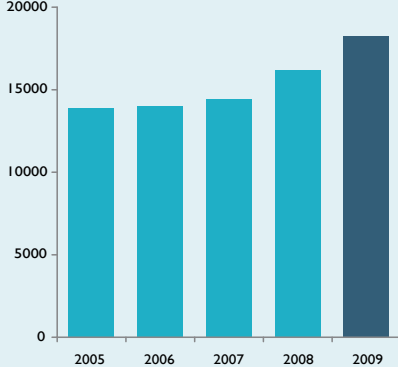
NO. OF TRUCKS



VESSEL CALLS, pcs



AVERAGE VESSEL NET TONNAGE, NT





CONSTRUCTION AND PLANNING

CONSTRUCTION FOCUS WILL SHIFT TO PANSIO UPON COMPLETION OF THE OVAKO AREA

One of the most important tasks of the Port Administration is to establish and maintain effective operating conditions for port traffic. In practice this means the seamless zoning, planning, construction and maintenance of port infrastructure.

In 2009 the zoning plan for Pansio Harbour was officially adopted. A technical master plan was drafted for additional construction in the Pansio Harbour area. This plan outlines general utilities for quay and foundation construction as well as the possibilities for phased construction. A precise timetable for future work has not yet been specified, because it is contingent upon future trends in traffic and other potential port arrangements. However, a permit application for construction of one additional quay was submitted at the end of 2009.

The most significant Port of Turku investment object in 2009 was the approximately 10,000 m² extension of the distribution warehouse on the north side of the Pahanieniemi Bridge. Combined with the warehouse completed a couple of years before, this approximately

32,500 m² facility is leased by Schenker Cargo Oy. At the end of November the 27,000 m² logistics centre was completed for Posten Logistik SCM Oy in the same area.

The Port of Turku is a pioneer in the remediation of contaminated dredging masses. Some 88,000 m³ of contaminated masses were dredged from the Aura River and reused in the Pansio stabilisation basin with a binding agent. Developed in Finland, this new method, called process stabilisation, neutralises contaminated masses, which can then be used as a filler structure for the future port field area. This extensive project was completed at the beginning of 2009,

|| The most significant Port of Turku investment object in 2009 was the approximately 10,000 m² extension of the distribution warehouse on the north side of the Pahanieniemi Bridge

thus also ensuring that the arrangements for ships participating in the Tall Ships' Races would be in order.

Other investment objects in 2009 included increasing the lift capacity of the multipurpose crane, acquiring new container elements and

the comprehensive improvement and renovation of field areas, quays, buildings and other port structures.

Integration of fairway data with the Finnish Maritime Administration Navi Personal Navigation programme begun

The purpose of the Finnish Maritime Administration's Navi Personal Navigation programme is to get fairway zone, fairway line, navaid and fairway zone depth data to correspond to actual, real-time conditions in the field. This ensures that this data can be used to produce accurate sea charts as flawlessly as possible.

The Port of Turku's involvement in this extensive project began in the autumn of 2009. Multibeam sounding was employed to check all fairway zone and harbour basin depths. The next step will involve any dredging necessary and depths will be confirmed using a bar drag, after which the correct fairway depths can be entered in the Navi programme.

DISTRIBUTION HUB OPERATIONS



IMPROVED ROAD CONNECTIONS SUPPORT GROWING DISTRIBUTION CENTRE OPERATIONS

The Port of Turku's shipping services are complemented by highly advanced terminal and warehousing services as well as expanded logistical value added services. Thanks to high-quality services and operational efficiency, the port of Turku (and in a broader sense, the Turku region) has become a major Finnish distribution centre for goods traffic for Scandinavia and Central Europe.

In 2009 a 10,000 m² extension on Schenker Cargo Oy's 22,000 m² distribution warehouse was completed in the Port's Ovako area. Posten Logistik SCM Oy's 27,000 m² distribution warehouse was also completed

in 2009. The above-mentioned and other logistics companies operating in the Ovako area have made it a major Finnish logistics centre.

Expanded distribution warehouse operations will also be served by further improvement of road connections to the Port, when the Suik-

|| The above-mentioned and other logistics companies operating in the Ovako area have made it a major Finnish logistics centre

kilantie road is made into a four-lane artery, linking the Port to the Turku-Rauma highway. The aim is to realise the road connection as an advance funding model, where the City of

Turku first pays for the construction and the state then pays half of the investment costs afterwards. Making Suikkilantie a four-lane artery will ensure that the increasing heavy traffic has a fast and flexible connection to the national trunk road network.

ENVIRONMENTAL RESPONSIBILITY

The Port of Turku has certified its environmental management operations with a DNV certified management system. The management system complies with ISO 14001, ISO 9001 and OHSAS 18001 standards. The Port has had certified environmental and safety management systems in place since 2002, and its operations are being constantly developed by means of, for example, goal-oriented environmental and safety programmes as well as internal and external audits.

The system certifications are valid until the spring of 2011. In autumn 2009, DNV assessed the effectiveness of the Port's environmental and safety management systems. This regularly scheduled assessment was completed without requiring any extraordinary measures for operations. Port activities in environmental and safety matters are constantly being developed, based on, among others, improvement recommendations proposed by DNV.

Closely linked to the environmental management system, the Port's environmental programme comprehends measures, which focus on the increasing of environmental consciousness, the prevention of environmental impacts caused by Port operations, the development of waste management, and energy conservation. In 2009 the Port took

such measures as implementing a port emissions model, taking emissions restrictions into consideration for its environmentally-based port fees on vessels, and participating in drafting an emissions dispersion model for the Turku Region. At the end of the year the Port's environmental management model was updated, giving attention to such aspects as the City of Turku Climate and Environmental Programme for 2009–2013.

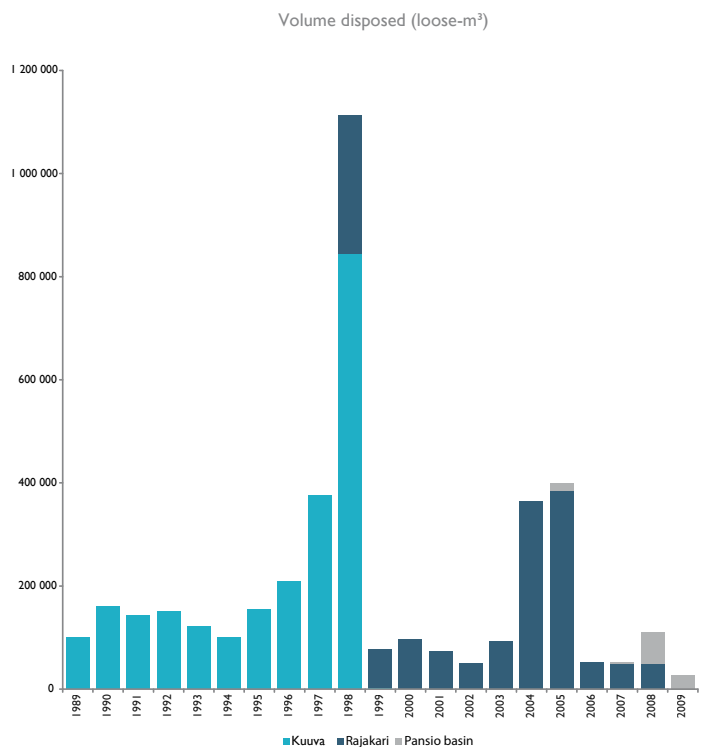
EFFORTS - assessment of noise disturbance

The Port of Turku participated in the EFFORTS (Effective Operations in

Ports) project, which began in 2006 and ended in October of 2009. The Port's involvement in this project was related to the measurement of noise dispersion and assessment of noise pollution. Among other things, the project monitored noise dispersion in the port area over a one-year period, a port-wide noise model was developed and a listening test, in which the level of disturbance caused by various port noise sources is assessed, was conducted.

Other high-profile environmental work

The Port holds separate environmental permits for port operations in the inner harbour (Passenger ter-



minal and West Harbour) and Pansio Harbour. In accordance with the environmental permits, the Port has, among others, taken regular noise and air quality measurements in the Port and surrounding areas as well as submitted annual environmental impact reports to environmental authorities.

Shipping traffic at the Port of Turku is primarily liner traffic, which the Finnish Maritime Administration has exempted from using port reception facilities for waste, i.e. each line is responsible for its own waste. Car-passenger ferries can use permanent sewer line connections for the landside disposal of wastewater. In other cases wastewater is taken away by tanker truck on a case-specific basis. At the end of 2009 a vessel wastewater collection point was completed within the Port area, thus further improving the available facilities for collecting wastewater

from vessels, such as cruise ships. The Port area maintains six port-use waste stations, where waste can be sorted into cardboard, metal, glass and wood and separated from incineratable waste. Thanks to sorting, mixed waste currently accounts for approximately 40% of the total waste volume. In 2009 vessels discharged approximately 65,000 m³ of wastewater and approximately 620 tonnes of bilge water at the Port.

The Port of Turku has been involved in the Turku Region Air Protection Co-operative Group since 2006. This allows the Port to monitor the impact of Port operations on air quality. The Port of Turku is still one of the few ports in Finland using environmentally-based port fees. The port fees are designed to credit shipping companies which have invested in the reduction of exhaust gas emissions.

The environmental impacts of dredging and the disposal of dredged mass at the Port have been monitored since 1989. The monitoring programme, which is audited every year in co-operation with environmental authorities, comprehends the monitoring of both drainage basin and fishing industry impacts. The primary focus in 2009 was the remediation dredging of the Aura River. The dredging masses recovered were processed in the Pansio stabilisation basin.

Attention constantly given to safety matters

The Port of Turku's safety operations and their development are based on the safety of passengers, customers, freight handlers and service providers. Port operations are overseen using an access control system. In the summer of 2009 the VISY access control system was implemented and gate arrangements were restructured. Fairway safety is being increasingly controlled by the Vessel Traffic Service (VTS). Access control is augmented by 24-hour video surveillance throughout the Port area.

Above all, safety at the Port involves the control of hazardous substances and prevention of dangerous situations, such as fires and oil spills. Several enhanced inspections



ENVIRONMENT AND SECURITY

for hazardous substances were conducted in the Port area during the year. The Port of Turku also organised joint safety drills with various authorities. In addition to the authorities, companies and vessels operating in the Port area also participated in the drills. The Port of Turku rescue plan, which comprehends all Port areas and properties, was completed during the year.

In 2009 the Port of Turku served as a pilot port in developing a plan to fight organised crime. The project was run by the National Bureau of Investigation. A safety report on the transport and storage of hazardous substances within the Port area was drafted in co-operation with the Finnish Maritime Administration.

The Port's ISPS compliant procedures were audited at two levels: by the European Commission and the Finnish Maritime Administration.

Environment and finances

Revenues and expenditures in the Port's environmental financial statement have been charted in accordance with a model provided by the City of Turku. In addition to environmental revenues and expenditures, the Port of Turku granted vessels €630,000 in environment-based discounts on port charges in 2009.

ENVIRONMENTAL STATEMENT

Environmental item	Revenue/cost [1000 €]		Change [%]
	2008	2009	
ENVIRONMENTAL REVENUE			
Sales revenue			
Vessel waste fees	145	118	
Solid waste management fees	33	27	
Oily waste management fees	113	91	
Other revenues	7	3	
Subsidies and aid	7	3	
ENVIRONMENTAL REVENUE TOTAL	152	121	-21 %
ENVIRONMENTAL COSTS			
Environmental operating and maintenance costs			
Oil prevention measures	0	0	
Contaminated soil	5	37	
Energy conservation measures	14	14	
Other environmental costs			
Surveillance and monitoring costs	120	95	
Wastewater fees	20	23	
Waste management fees	181	192	
Environmental administration costs	122	122	
Compensations	10	11	
Waste taxes and tax-based fees	85	82	
ENVIRONMENTAL COSTS TOTAL	558	575	3 %
ENVIRONMENTAL INVESTMENT DEPRECIATION	164	164	
ENVIRONMENTAL PERCENTAGE OF INTEREST REVENUES AND COSTS	0	0	
EXTRAORDINARY COSTS	0	0	
ENVIRONMENTAL LIABILITIES	0	0	
RESULT	-570	-618	8 %



ENTIRE ORGANISATION INVOLVED IN WORKPLACE DEVELOPMENT

At the end of 2009, the Port of Turku had a staff of 124 persons, which was eight fewer than in the previous year. Of these 122 were permanent employees and 2 were fixed-term employees. Port of Turku personnel are divided into the following categories based on their job descriptions: Administrative and financial: 27 persons; Vessel Traffic Service: 22 personnel; Engineering Works 11 persons; and Technical Department: 62 persons. 72.1% of the employees were men and 27.9% women.

At the end of the year 3 persons were on partial retirement. The possibility for flexible working arrangements at different points in life was considered a decisive factor in choosing jobs as well as keeping employees. A total of 3 persons took advantage of flexible leaves during the year. Sick leaves accounted for 3.9% of the total personnel working hours. 2.1% of

sick leaves was due to work-related accidents.

Personnel development one of the strategic objectives

The continuous development of personnel and operations has been one of the Port of Turku strategic objectives since the early 2000s. This development is based on personal development discussions and plans as well as customer feedback.

The Port initiated as a new measure self-assessment of Port operations, using the widely known EFQM Quality Award model. Areas needing improvement that were identified in the assessment will be further addressed with personnel in 2010. The results for the Kunta 10 (Municipality 10) personnel survey, which is conducted every two years and comprehends the entire municipal sector, were completed in the spring of 2009. 64% of the employees responded to the survey. In all the results of the personnel survey improved slightly over those for 2006. The results of the

survey are used in developing management and supervisory tasks.

In addition to in-house training sessions, personnel also participated in other training programmes designed to maintain their skills. Training in legislation, environmental matters, safety, financial matters and information systems was provided. Port customer service personnel requiring English and Swedish skills had the opportunity to participate in language courses during the year.

Co-operation working group addressed issues related to workplace well-being and development.

The Port co-operation working group further developed co-operation within the organisation. Comprised of representatives from personnel and management, the working group met four times during 2009. The co-operation working group broadly addressed matters pertaining to workplace well-being and development as seen from the standpoint of

Key indicators	2009	2008	change %
No. of personnel 31.12.	124	132	-6.1
Of which permanent employees	122	129	-5.4
Administration and finance	38	38	0.0
Vessel traffic services	16	16	0.0
Usage services	11	10	10.0
Technical services	57	65	-12.3
Turnover / person	187 621	182 283	2.93
Value added / person	135 675	131 714	3.0

PORT AS EMPLOYER

both individuals and the organisation as a whole. The agenda included Port operational and financial status reports, financial statements for 2008, the principles of good administration, restructuring of the Technical Department organisation and balancing City of Turku finances. It also included the results of the Kunta 10 survey and EFQM self-assessment.

The co-operation working group also addressed the citywide personnel programme for 2011–2012 as well as the Port incentive pay scheme and its development. In addition to the co-operation working group meetings, two general personnel meetings were held to address current events. Employer representatives of the co-operation working group were Managing Director Christian Ramberg (Chair) and members Jarmo Koskinen, Matti J. Niemi and Kari Riutta. Personnel representatives were: Peteri Toukonieni/Trade Union for the Public and Welfare Sectors (JHL); Timo Jokiranta/Confederation of Employees in Technical and Basic Service Professions (KTN); Kirsti Kari/Federation of Public and Private Sector Employees (JYTY); Sari Eriksson-Lumikko/Negotiation Organisation for Public Sector Professionals (JUKO); Timo Nurmio/Personnel representative for JHL; and Airi Reima/Personnel representative for JYTY. Tarja



Suominen served as Secretary for the co-operation working group.

TYKY functions remained active

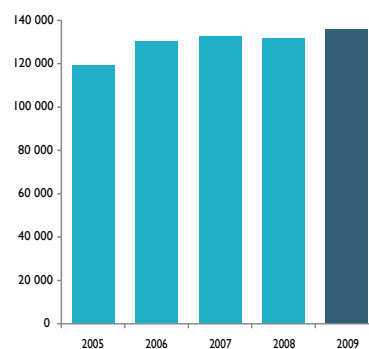
Personnel well-being was promoted in a variety of ways. As in previous years working capacity (TYKY) functions also remained active in 2009. The annual personnel culture and exercise afternoon was held on Seili Island in June. In co-operation with Occupational health services, the TYKY committee organised a guided gym programme in its own gym. Other events included mushroom picking, Flamenco dancing, fitness

boxing, Pilates, archery, downhill car racing and a visit to the Turun Sanomat Automotive and Communications Museum. The goal of TYKY is not only to maintain working capacity, but also to reinforce a team spirit among personnel. It also builds the organisation's teamwork skills, which allows for a more effective and flexible customer service.

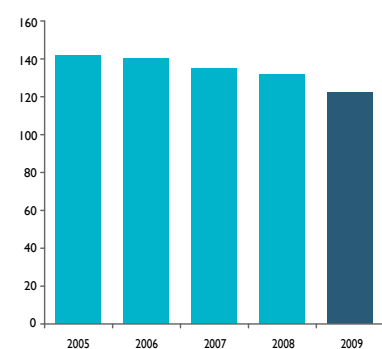
Occupational Safety and Health Committee met regularly

The Occupational Safety and Health Committee met four times a year. The theme for 2009 was working environment, adopting and managing goals in accordance with a safety philosophy, the mental and physical strain caused by work, and harassment and inappropriate behaviour. The committee was chaired by Antti Laurila and Arja Vallinkoski served as secretary. The Port maintains an equality plan.

VALUE ADDED, person



NO. OF PERSONNEL



FIRST TERM OF THE PORT OF TURKU HARBOUR BOARD

Since the beginning of 2009, the Port of Turku has functioned as a public corporation, in accordance with Section 10 a of the Local Government Act. Port operations have been administered by the Port of Turku Harbour Board, which oversees the public port corporation of the Port of Turku. The new operating model allows, for example, the Harbour Board to approve the Port of Turku budget and financial statements.

The Harbour Board consists of seven members selected by the City Council, which appoints one member as Chair and one as Deputy Chair. Each Board member is assigned a personal substitute. The Board term is equal to one municipal election term.

Judge of the Court of Appeals Pirkko Mikkola served as Chair of the Board and Managing Director Marjukka Karttunen as Deputy Chair. The City Board representative was CEO Pasi Rätty and, as of 19 October 2009, Executive Director Aki Lehtonen.

The Board referendary was Managing Director Christian Ramberg and its Secretary was Chief of Administration Jarmo Koskinen.

The Harbour Board convened 17 times during the year under review, addressing a total of 222 items. Key decisions made during the year were:

- Approval of the Port of Turku business plan for 2009
- Initiating preparations for the improvement and sale of the Lin-

nankiinteistö property in a co-operative agreement with Pöyry Oy

- Approval of good administrative principles for the public port corporation. In the principles decision-making procedures at the Port of Turku and procurement authorisations, among others, are specified
- Decision in principle on initiating preparations for the layoff of personnel and overseeing the actual layoffs
- Authorise the Port to apply for water and environmental permits for the new quay at Pansio, including refill and dredging.
- Extension of the lease period with Tallink Silja Oy for the lease on the bogie changing hall tract



HARBOUR BOARD

- Approval of using outdoor advertising locations for promoting the Capital of Culture 2011 during 2010 and 2011
- Approval of the Port contribution to the financing agreement for construction of the Suikkilantie artery, to the extent that the Port will pay the interest on widening the artery to four lanes for the duration of construction
- Approval of the Port of Turku budget for 2010
- Approval of initiating inspection of the zoning plan for the previous shipbuilding area in Pansio, to the extent that Turku Energia Oy can build a biofuel power plant there.

PORT OF TURKU HARBOUR BOARD MEMBERS

ORDINARY MEMBER

Chairman **Mikkola Pirkko**
Justice, Court of Appeal

Deputy Chair **Karttunen Marjukka**
Managing Director

Iho Arja
Chief of social services

Lehtonen Turja
Employment officer

Nummelin Jukka
Nature conservation inspector

Ruotsalainen Topi
Special education teacher (M.A.)

Sokajärvi Pentti
Building engineer

REPRESENTATIVE OF THE CITY BOARD:

Until 19 October 2010

Räty Pasi,
Managing Director

Beginning 19 October 2010
Lehtonen Aki,
Executive Director

DEPUTY MEMBER

Kujanen Jaana
Journalist

Perheentupa Christian
Lieutenant

Metso Vaula
Student of Laboratory sciences

Salminen Jarto
Warehouse worker

Virtanen Harri
Chef

Kankaanpää Risto
Administration officer

Tasala Annika
Project manager (M.A.)

DEPUTY MEMBER:

Until 19 October 2010

Lehtonen Aki,
Executive Director

Beginning 19 October 2010
Räty Pasi,
Managing Director



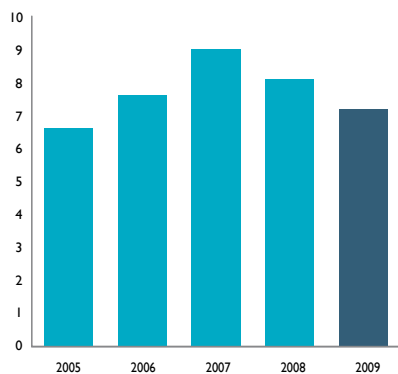
PORT OF TURKU FINANCES FOR 2009

Port of Turku turnover for 2009 totalled EUR 22.9 million, which was a 13.4% decrease from the previous year. Operating profit was EUR 10.4 million and business surplus EUR 6.1 million. The result of EUR 2.7 million was an improvement over last year. The Port investment level was 28.9%, with EUR 6.6 million in investments. The Port entered EUR 4.81 million as income to the City of Turku. The Port's equity ratio (98.2%) remained at the previous year's level and the self-financing rate of investments remained high.

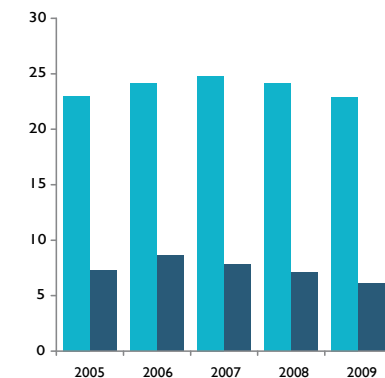
Assessment of risk management status and targets

In accordance with general guidelines published by the Municipal Section of the Accounting Board concerning municipal financial statements and annual reports, the Municipal Executive Board must provide an account regarding arrangements for internal oversight. In co-operation with the Turku City Office, the Port has conducted a risk management status and target assessment as part of this work. During the financial period, there have been no reports or knowledge of any risks that would incur losses or damages to Port business operations. The Port plan for internal oversight is being drafted for 2010 as part of risk management.

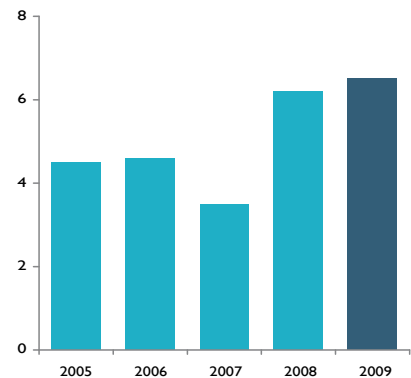
RETURN ON INVESTED CAPITAL, %



TURNOVER AND BUSINESS SURPLUS, EUR million



INVESTMENTS, EUR million



PORT OF TURKU FINANCIAL STATEMENT 2009

Profit and loss account

	1 Jan-31 Dec 2009		1 Jan-31 Dec 2008	
TURNOVER		22,889,811.23		24,061,351.09
Production for own use		335,984.55		578,410.25
Other operating income		134,127.92		258,219.30
Materials and services				
Materials, equipments and goods	-1,968,238.58		-1,894,842.27	
Purchases of services	2,227,964.26	<u>-4,196,202.84</u>	-2,571,396.69	<u>-4,466,238.96</u>
Personnel costs				
Salaries and remunerations	-4,344,468.55		-4,590,941.39	
Indirect employee costs				
Pension expenses	-1,878,311.92		-1,924,400.29	
Other indirect employee costs	-290,731.16	<u>-6,513,511.63</u>	-349,980.37	<u>-6,865,352.05</u>
Depreciation and value adjustments				
Depreciation according to plan	-4,306,439.92	-4,306,439.92	-4,022,770.88	-4,022,770.88
Rent expenses		-1,607,785.28		-1,683,816.94
Other operating expenses		-667,641.63		-783,292.85
BUSINESS SURPLUS (DEFICIT)		<u>6,068,342.40</u>		<u>7,076,508.96</u>
Financing income and expenses				
Interest income	382,260.02		1,319,503.27	
Other financial income	1,277,760.04		141,813.65	
Interest expenses paid to the City	0.00		-4,253.05	
Compensation for basic capital	-4,813,355.00		-4,813,355.00	
Other financial expenses	-173,605.14	<u>-3,326,940.08</u>	-2,031,307.08	<u>-5,387,598.21</u>
SURPLUS (DEFICIT) BEFORE EXTRAORDINARY ITEMS		<u>2,741,402.32</u>		<u>1,688,910.75</u>
Extraordinary items				
SURPLUS (DEFICIT) BEFORE PROVISIONS AND FUNDS		<u>2,741,402.32</u>		<u>1,688,910.75</u>
Increase (-) or decrease (+) in depreciation difference		<u>-1,000,000.00</u>		
Increase (-) or decrease (+) in voluntary provisions		<u>1,000,000.00</u>		
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR		<u>2,741,402.32</u>		<u>1,688,910.75</u>

PORT OF TURKU FINANCIAL STATEMENT 2009

Balance sheet

	31 Dec 2009		31 Dec 2008	
ASSETS				
FIXED ASSETS				
Tangible assets				
Land and water areas	17,514,841.95		17,706,497.14	
Buildings	9,550,112.82		9,073,381.89	
Fixed structures and fixtures	48,360,257.42		42,823,840.30	
Machines and equipment	133,794.33		181,777.79	
Advance payments and unfinished purchases	984,811.88		4,643,093.26	
	76,543,818.40	<u>76,543,818.40</u>	74,428,590.38	<u>74,428,590.38</u>
Investments				
Equities and shares	33,637.59		33,637.59	
	33,637.59	<u>33,637.59</u>	33,637.59	<u>33,637.59</u>
CURRENT ASSETS				
Receivables				
Short-term receivables				
Sales receivables	2,290,249.89		2,179,686.79	
Other receivables	68,788.68		117,233.63	
Adjusting entries for assest	108,989.21		220,000.15	
	2,468,027.78	<u>2,468,027.78</u>	2,516,920.57	<u>2,516,920.57</u>
Financing and shares				
Equities and shares	2,206,193.12		1,995,029.45	
Bonds	2,395,205.00		3,105,402.50	
Cash in hand and at banks	27,051,411.77	<u>31,652,809.89</u>	26,829,574.62	<u>31,929,979.57</u>
ASSETS TOTAL		<u>110,698,293.66</u>		<u>108,909,128.11</u>

PORT OF TURKU FINANCIAL STATEMENT 2009

Balance sheet



	31 Dec 2009		31 Dec 2008	
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Basic capital	59,877,680.85		59,877,680.85	
Surplus (deficit) from previous financial years	43,072,591.76		38,004,360.92	
Funds from previous financial period Surplus	0.00		2,713,599.87	
Surplus (deficit) for the financial year	2,741,402.32			
	105,691,674.93	<u>105,691,674.93</u>	100,595,641.64	<u>100,595,641.64</u>
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS				
Depreciation difference	1,000,000.00			
Voluntary provisions	2,003,746.04	<u>3,003,746.04</u>	5,358,377.01	<u>5,358,377.01</u>
LIABILITIES				
Short-term liabilities				
Loans from the city	0.00		0.00	
Accounts Payable	854,146.66		1,712,381.52	
Other liabilities	176,893.29		199,432.82	
Adjusting entries for liabilities	971,832.74		1,043,295.12	
	2,002,872.69	<u>2,002,872.69</u>	2,955,109.46	<u>2,955,109.46</u>
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL		<u>110,698,293.66</u>		<u>108,909,128.11</u>

PORT OF TURKU FINANCIAL STATEMENT 2009

Statement of source and application of funds

	31 Dec 2009		31 Dec 2008	
CASH FLOW FROM OPERATIONS AND INVESTMENTS OF THE UTILITY				
Cash flow from operations				
Business surplus (deficit)	6,068,342.40		7,076,508.96	
Depreciation and value adjustments	4,306,439.92		4,022,770.88	
Financing income and expenses	-3,326,940.08		-5,387,598.21	
Other correction items of cash flow financing	0.00	<u>7,047,842.24</u>	-12,581.97	<u>5,699,099.66</u>
Cash flow from investments				
Investments in fixed assets	-6,613,323.13		6,157,011.52	
Change in land and sea areas	-480,000.00			
Sales income from fixed assets	671,655.19	<u>-6,421,667.94</u>	12,581.97	<u>-6,144,429.55</u>
Cash flow from operations and investments		<u>626,174.30</u>		<u>-445,329.89</u>
CASH FLOW FROM FINANCING				
Changes in loan portfolio				
Decrease in long-term loans from the city	0,00		-252,281.88	
Changes in short-term loans from the other		<u>0,00</u>		<u>-252,281.88</u>
Other changes in liquidity				
Changes in receivables from others	48,892.79		-111,352.90	
Changes in zero-interest long and short-term liabilities	-952,236.77	<u>903,343.98</u>	643,015.52	<u>531,662.62</u>
Net cash flow from financing		<u>-903,343.98</u>		<u>279,380.74</u>
CHANGE IN CASH ASSETS		<u>277,169.68</u>		<u>-165,949.15</u>
Change in cash assets				
Cash assets on 31 Dec	31,652,809.89		31,929,979.57	
Cash assets on 1 Jan	-31,929,979.57	<u>-277,169.68</u>	-32,095,928.72	<u>-165,949.15</u>

PORT OF TURKU FINANCIAL STATEMENT 2009

Performance indicators



Result indicators	31 Dec 2009	31 Dec 2008
Turnover	22,889,811.23	24,061,351.09
Products/tn	2,966,999.00	3,426,159.00
Products/passenger	3,614,865.00	3,541,723.00
Balance sheet values	110,698,293.66	108,909,128.11
No. of personnel	122.00	132.00
Growth of turnover. %	-4.87	-2.95
Net result	2,741,402.32	1,688,910.75
Return on invested capital. %	7.20	8.11
Operating margin. %	45.32	46.13
Income before extraordinary items. %	30.79	23.74
Net reslut. %	11.98	7.02
Equity ratio. %	98.19	97.29
Liquidity. % CR	1,473.86	993.08
Capital turnover rate [1/a]	0.21	0.22
Investmment rate. %	28.89	25.59
Self-financing of investments. %	150.57	175.54
Turnover/person	187,621.40	182,282.96
Value added/person	135,674.67	131,713.80
Operating margin/person	85,039.20	84,085.45
Personnel costs/turnover. %	28.46	28.53
Tonnes/person	24,319.66	25,955.75
Passenger/person	29,630.04	26,831.23
Costs/tn (including investments)	8.29	7.82
Costs/tn (exluding investments)	6.06	6.03







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